

JUSTICE NEWS

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Justice Department Sues to Block Deere's Acquisition of Precision Planting

Acquisition Would Eliminate Deere's Only Effective Competitor in High-Speed Precision Planting Systems Market

The Department of Justice filed a civil antitrust lawsuit today seeking to block Deere & Company's proposed acquisition of Precision Planting LLC from Monsanto Company in order to preserve competition in the market for high-speed precision planting systems in the United States.

The Antitrust Division's lawsuit alleges that the transaction would combine the only two significant U.S. providers of high-speed precision planting systems – technology that is designed to allow farmers to plant crops accurately at higher speeds. The acquisition would deny farmers throughout the country the benefits of competition that has spurred innovation, improved quality and lowered prices. The department filed its lawsuit in the U.S. District Court for the Northern District of Illinois.

"High-speed precision planting technology holds out the promise of improved yields for American farmers by enabling them to plant crops more accurately at higher speeds," said Acting Assistant Attorney General Renata Hesse of the Justice Department's Antitrust Division. "Precision Planting has been a key innovator in high-speed precision planting and Deere's only significant competitor in developing and selling these technologies. If this deal were allowed to proceed, Deere would dominate the market for high-speed precision planting systems and be able to raise prices and slow innovation at the expense of American farmers who rely on these systems."

High-speed precision planting is an innovative technology that enables farmers to plant corn, soybeans and other row crops at up to twice the speed of a conventional planter without sacrificing accuracy. Planting at higher speeds can be highly valuable to farmers, many of whom have a limited window each year to plant their crops to achieve the highest crop yields. As a result, Deere and Precision Planting view high-speed precision planting as "revolutionary technology" that represents a "True Gamechanger for Agriculture" and expect it to become the industry standard in the coming years.

According to the department's complaint, Deere and Precision Planting are the only two effective competitors in high-speed precision planting, conservatively accounting for at least 86 percent of the market. Deere and Precision Planting both introduced their respective high-speed planting systems in 2014, after years of research and development. The complaint details how the intense head-to-head competition between Deere and Precision Planting since that time has directly benefitted farmers through aggressive discounts and promotions, lower prices and innovative product offerings. The complaint alleges that Deere's proposed acquisition of the company it has described as its "number one competitor" would allow it to control nearly every method through which American farmers can acquire effective high-speed precision planting systems and provide it with the ability to set prices, output, quality and product features without the constraints of market competition.

Deere & Company, a Delaware corporation headquartered in Moline, Illinois, is the largest manufacturer of planting equipment in the United States, including its ExactEmerge high-speed precision planting system. In 2015, Deere's U.S. sales for planter-related equipment were approximately \$900 million.

Precision Planting LLC is a Delaware limited liability company headquartered in Tremont, Illinois. It is a leading innovator in planting equipment, including its SpeedTube high-speed precision planting system. In 2015, Precision Planting's U.S. sales for planter-related equipment were approximately \$100 million.

Monsanto Company is a Delaware corporation headquartered in St. Louis, Missouri. Monsanto is a leading global provider of agricultural products and is the ultimate parent company of Precision Planting LLC.

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